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Newtree Group Holdings Limited
友川集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1323)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2013

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 118.1% to HK$565.2 million.
- Gross profit increased by approximately 308.2% to HK$35.1 million.
- Gross profit margin increased from 3.3% to 6.2%, mainly because of the increase in turnover and the decrease in amortisation of other intangible assets for the MTBE Business.
- Profit attributable to owners of the Company amounted to HK$6.6 million.
- Earnings per share amounted to HK$0.99 cents.

ANNUAL RESULTS

The board of directors (the "Board") of Newtree Group Holdings Limited (the "Company") is pleased to announce the audited annual results of the Company and its subsidiaries (together as the "Group") for the year ended 31 March 2013 with the comparative figures for the corresponding period in 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue	3	**565,152**	259,094
Cost of sales		**(530,091)**	(250,504)
Gross profit		**35,061**	8,590
Other income	4	**38,661**	2,636
Other gains and losses	5	**(534)**	(1,941)
Selling and distribution expenses		**(8,859)**	(9,281)
Administrative expenses		**(53,401)**	(33,033)
Other expenses		**(1,696)**	(3,963)
Interest expenses on trust receipt loan		**(112)**	–
Profit (loss) before tax		**9,120**	(36,992)
Income tax (expense) credit	6	**(2,318)**	1,887
Profit (loss) for the year	7	**6,802**	(35,105)
Other comprehensive income			
Exchange difference arising on translation		**(861)**	5,046
Total comprehensive income for the year, net of income tax		**5,941**	(30,059)
Profit (loss) for the year attributable to:			
Owners of the Company		**6,619**	(33,541)
Non-controlling interests		**183**	(1,564)
		6,802	(35,105)
Total comprehensive income for the year, attributable to:			
Owners of the Company		**5,793**	(28,495)
Non-controlling interests		**148**	(1,564)
		5,941	(30,059)
Earnings (loss) per share	9		
– basic and diluted (HK cents)		**0.99**	(5.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**27,680**	28,243
Prepaid lease payments		**6,307**	6,510
Other intangible assets	*10*	**20,833**	23,197
Goodwill		**9,774**	9,774
		64,594	67,724
CURRENT ASSETS			
Inventories		**52,377**	69,608
Prepaid lease payments		**212**	211
Trade and other receivables and prepayments	*11*	**367,852**	100,193
Pledged bank deposit		**7,803**	62,286
Bank balances and cash		**25,234**	128,943
		453,478	361,241
CURRENT LIABILITIES			
Trade and other payables and accruals	*12*	**101,811**	28,272
Trust receipt loan		**9,163**	–
Tax payable		**7,114**	5,670
		118,088	33,942
NET CURRENT ASSETS		**335,390**	327,299
TOTAL ASSETS LESS CURRENT LIABILITIES		**399,984**	395,023
NON CURRENT LIABILITY			
Deferred tax liabilities		**3,950**	4,432
NET ASSETS		**396,034**	390,591
CAPITAL AND RESERVES			
Share capital		**6,667**	6,667
Reserves		**388,402**	382,609
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**395,069**	389,276
Non-controlling interests		**965**	1,315
TOTAL EQUITY		**396,034**	390,591

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 13 January 2011. In the opinion of the directors, the ultimate holding company of the Company is Twin Star Global Limited, a limited company incorporated in British Virgin Islands. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is Room 601, 6/F, Aon China Building, 29 Queen's Road Cental, Hong Kong.

The principal activities of the Group are engaged in manufacture and trading of hygienic disposables for household clinical disposables and trading of related raw materials ("Hygienic Disposables Business") located in the People's Republic of China ("PRC") and Macau, agent/trading of Methyl Tertiary Butyl Ether ("MTBE") products ("MTBE Business") located in Hong Kong and wholesale and retail of household consumables ("Household Consumables Business") located in United Kingdom.

The consolidated financial statements have been presented in Hong Kong dollars ("HKD"), while the functional currency of the Company is United State dollars ("USD"). The directors of the Company selected HKD as the presentation currency because the directors consider that presenting the consolidated financial statements in HKD is preferable when controlling and monitoring the performance and financial position of the Group.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

The adoption of the above amendments to HKFRSs in the current year has had no material impact on the Group's financial statements.

The Group has not early adopted the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2014.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 July 2012.

HKFRSs (Amendments) – Annual Improvements 2009-2011 Cycle

The improvements made amendments to the following standards.

(i) HKAS 1 Presentation of Financial Statements

The amendments clarify that the requirement to present a third statement of financial position when an entity applies an accounting policy retrospectively or make a retrospective restatement or reclassification of items in its financial statements is limited to circumstances where there is a material effect on the information in that statement of financial position. The date of the opening statement of financial position is the beginning of the preceding period and not, as at present, the beginning of the earliest comparative period. The amendments also clarify that, except for disclosures required by HKAS 1.41-44 and HKAS 8, the related notes to the third statement of financial position are not required to be presented. An entity may present additional voluntary comparative information as long as that information is prepared in accordance with HKFRSs. This may include one or more statements and not a complete set of financial statements. Related notes are required for each additional statement presented.

(ii) HKAS 16 Property, Plant and Equipment

The amendments clarify that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

(iii) *HKAS 32 Financial Instruments: Presentation*

The amendments clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. Depending on the circumstances these items of income tax might be recognised in equity, other comprehensive income or in profit or loss.

(iv) *HKAS 34 Interim Financial Reporting*

The amendments clarify that in interim financial statements, a measure of total assets and liabilities for a particular reportable segment needs to be disclosed when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements.

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit or loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

Amendments to HKFRS 7 – Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

Amendments to HKFRS 10, HKFRS 12and HKAS 27 (2011) – Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in HKFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosure requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

The Group is in the process of making an assessment of the potential impact of these pronouncements. The directors so far concluded that the application of these new pronouncements will have no material impact on the Group's financial statements.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised.

The Group's operating and reportable segments under HKFRS 8 are as follows:

- Hygienic Disposables Business – Manufacturing and trading of clinical and household hygienic disposables and trading of related raw materials
- MTBE Business – Agent service and trading of MTBE products
- Household Consumables Business – Trading of household consumables

Segment revenues and results

The following is an analysis of the Group's revenue and results from reportable and operating segments.

	Hygienic Disposables Business	MTBE Business	Household Consumables Business	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2013					
Revenue from external customers	**380,655**	**105,149**	**79,348**	**–**	**565,152**
Inter-segment sales	**1,447**	**–**	**–**	**(1,447)**	**–**
	382,102	**105,149**	**79,348**	**(1,447)**	**565,152**
Segment profit	**34,877**	**5,546**	**3,935**	**(111)**	**44,247**
Bank interest income					**145**
Exchange differences					**(382)**
Amortisation of other intangible assets					**(2,423)**
Central administration costs					**(32,467)**
Profit before tax					**9,120**

	Hygienic Disposables Business	MTBE Business	Household Consumables Business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2012				
Revenue from external customers	245,027	807	13,260	259,094
Segment (loss) profit	(6,337)	1,244	432	(4,661)
Bank interest income				1,829
Exchange differences				1,723
Amortisation of other intangible assets				(20,142)
Central administration costs				(15,741)
Loss before tax				(36,992)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, amortisation of other intangible assets, bank interest income, exchange differences and income tax. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

Segment assets

	31 March 2013	31 March 2012
	HK$'000	*HK$'000*
Hygienic Disposables Business	**254,088**	136,499
MTBE Business	**157,467**	48,496
Household Consumables Business	**42,873**	19,770
Total segment assets	**454,428**	204,765
Goodwill	**9,774**	9,774
Other intangible assets	**20,833**	23,197
Pledged bank deposit	**7,803**	62,286
Bank balances and cash	**25,234**	128,943
Consolidated assets	**518,072**	428,965

Segment liabilities

	31 March 2013	31 March 2012
	HK$'000	*HK$'000*
Hygienic Disposables Business	**22,807**	18,435
MTBE Business	**80,274**	2,620
Household Consumables Business	**7,893**	7,217
Total segment liabilities	**110,974**	28,272
Tax payable	**7,114**	5,670
Deferred tax liabilities	**3,950**	4,432
Consolidated liabilities	**122,038**	38,374

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segments other than goodwill, other intangible assets, pledged bank deposit and bank balances and cash.

- All liabilities are allocated to operating segments other than tax payable and deferred tax liabilities.

Other segment information

	Hygienic Disposables Business *HK$'000*	**MTBE Business** *HK$'000*	**Household Consumables Business** *HK$'000*	**Total** *HK$'000*
For the year ended 31 March 2013				
Amounts included in the measure of segment profit or loss or segment assets:				
Capital additions	**5,257**	**–**	**753**	**6,010**
Depreciation of property, plant and equipment and amortisation of prepaid lease payments	**5,661**	**–**	**142**	**5,803**
Gain on disposal of property, plant and equipment	**95**	**–**	**–**	**95**
Impairment loss recognised on trade and other receivables	**980**	**–**	**–**	**980**
Inventories written off	**4,924**	**–**	**–**	**4,924**

	Hygienic Disposables Business *HK$'000*	MTBE Business *HK$'000*	Household Consumables Business *HK$'000*	Total *HK$'000*
For the year ended 31 March 2012				
Amounts included in the measure of segment profit or loss or segment assets:				
Capital additions	9,272	–	748	10,020
Depreciation of property, plant and equipment and amortisation of prepaid lease payments	11,089	–	23	11,112
Loss on disposal of property, plant and equipment	11	–	–	11
Impairment loss recognised on trade receivables	3,653	–	–	3,653

Revenue from major products and services

The following is an analyses of the Group's revenue from its major products and services:

	2013	2012
	HK'000	*HK$'000*
Sales of goods from		
– Hygienic Disposables Business	**380,655**	245,027
– Household Consumables Business	**79,348**	13,260
Agency fee and trading income from MTBE Business	**105,149**	807
	565,152	259,094

Information about geographical areas

In determining the Group's information about geographical areas, revenue are attributed to the segments based on the locations of the customers.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods.

	Revenue by Geographical market	
	2013	2012
	HK$'000	*HK$'000*
United Kingdom	**208,836**	151,778
PRC	**165,599**	807
United States of America	**119,066**	16,808
Norway	**69,620**	79,998
Sweden	**1,321**	889
Italy	**420**	365
Ireland	**290**	4,287
France	**–**	3,381
Germany	**–**	781
	565,152	259,094

As at 31 March 2013, approximately HK$29,164,000, HK$20,073,000, HK$14,645,000 and HK$712,000 of the non-current assets are located in the PRC, United Kingdom, Hong Kong and Macau respectively.

As at 31 March 2012, approximately HK$33,175,000, HK$20,399,000, HK$13,317,000 and HK$833,000 of the non-current assets are located in the PRC, United Kingdom, Hong Kong and Macau respectively.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2013	2012
	HK$'000	*HK$'000*
Customer A[1]	**103,884**	807[3]
Customer B[2]	**74,144**	71,687
Customer C[2]	**69,620**	79,998
Customer D[2]	**60,450**	–
Customer E[2]	**60,260**	–
Customer F[2]	**58,806**	16,808[3]
Customer G[2]	**51,530**[3]	57,510

[1] Revenue is from MTBE Business.

[2] Revenue is from Hygienic Disposables Business.

[3] Revenue from this customer represented less than 10% of the total sales of the Group for the respective year. The amount is for comparative purpose only.

4. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Bank interest income	**145**	1,829
Service income	**10,621**	807
Other interest income	**2,527**	–
Patent income[#]	**25,350**	–
Sundry	**18**	–
	38,661	2,636

[#] The patent income comprises the amounts received from the third parties for their uses of the patents registered by the Group.

5. OTHER GAINS AND LOSSES

	2013	2012
	HK$'000	*HK$'000*
Exchange differences	**(382)**	1,723
Gain (loss) on disposal of property, plant and equipment	**95**	(11)
Impairment loss recognised on trade and other receivables	**(980)**	(3,653)
Gain on disposal of financial assets	**733**	–
	(534)	(1,941)

6. INCOME TAX EXPENSE (CREDIT)

	2013	2012
	HK$'000	*HK$'000*
Current tax:		
Hong Kong profits tax	**876**	204
PRC Enterprise Income Tax ("PRC EIT")	**875**	1,373
Other jurisdiction	**1,062**	–
	2,813	1,577
Overprovision in respect of prior year:		
PRC EIT	**–**	(125)
Deferred taxation		
– Current year	**(444)**	(3,339)
– Attributable to change in tax rate	**(51)**	–
	(495)	(3,339)
	2,318	(1,887)

(i) Hong Kong

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for both years.

In prior years, the Hong Kong Inland Revenue Department (the "HKIRD") issued to wholly-owned subsidiaries incorporated in Macau and Hong Kong (the "Subsidiaries") profits tax assessments of HK$5,600,000 and HK$875,000, respectively, relating to the year of assessment 2004/05, that is, for the financial year ended 31 March 2005. The Group lodged the relevant objection with the HKIRD against the assessment in June 2011.

In prior years, the HKIRD issued two enquiry letters to the Subsidiaries in respect of the year of assessment 2004/05.

In prior years, the HKIRD issued to the Subsidiaries profits tax assessment of HK$5,250,000 and HK$2,275,000, relating to the year of assessment 2005/06, that is, for the financial year ended 31 March 2006. The Group lodged the relevant objection with the HKIRD against the assessment in January 2012.

In January 2013, the HKIRD issued to the Subsidiaries profits tax assessment of HK$4,340,000 and HK$2,100,000, relating to the year of assessment 2006/07, that is, for the financial year ended 31 March 2007. The Group lodged the relevant objection with the HKIRD against the assessment as of the date these consolidated financial statements were authorised for issuance.

In March 2013, the HKIRD issued another letter to one of the Subsidiaries requesting its books and records. The Group is in the process of gathering the information requested by the HKIRD.

As of 31 March 2013, the Group has purchased tax reserve certificates in the amounts of HK$438,000 and HK$761,000 for the years of assessment 2004/05 and 2005/06 respectively, which have been accounted for as tax recoverable included in trade and other receivables and prepayments of the Group as at 31 March 2013. Subsequent to the end of the reporting period, the Group has purchased tax reserve certificates in the amount of HK$875,000 for the year of assessment 2006/07.

The Subsidiaries have not received any further queries from the HKIRD apart from the aforesaid assessments up to the date these consolidated financial statements were authorised for issuance. In the opinion of the directors of the Company, no profits tax should be payable by the Subsidiaries for those years of assessment since the Subsidiaries either did not carry on any business in Hong Kong or did not arrive at any assessable profits for the years of assessment 2004/05, 2005/06 and 2006/07 and should not be subject to Hong Kong profits tax. Hence, no provision for Hong Kong profits tax in respect of the assessments is considered necessary.

(ii) PRC EIT

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the general EIT rate of the PRC entities is 25% from 1 January 2008 onwards.

Pursuant to the relevant laws and regulations in the PRC, Huizhou Junyang Plastic Co., Ltd. ("Huizhou Junyang") was entitled to exemption from the PRC EIT from its first two profit-making years of operation and thereafter, it is entitled to a 50% relief from the PRC EIT for the following three years. The first profit-making year of Huizhou Junyang started from the fiscal year ended 31 December 2007. Accordingly, Huizhou Junyang was entitled to a relief from PRC EIT by a 50% reduction from the fiscal year ended 31 December 2009 to 2011 with effective tax rate of 12.5%. Starting from fiscal year ended 31 December 2012, the PRC EIT rate was 25%.

(iii) Macau

As stated in the Decree Law No. 58/59/M, Chapter 2, Article 12, dated 18 October 1999 of Macau, Two-Two- Free Limited-Macao Commercial Offshore ("Two-Two-Free") is exempted from Macao Complementary Tax.

(iv) Other jurisdiction

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

7. PROFIT (LOSS) FOR THE YEAR

	2013	2012
	HK$'000	*HK$'000*
It has been arrived at after charging:		
Auditors' remuneration	**1,433**	2,000
Directors' remuneration	**8,713**	4,620
Other staff costs	**20,288**	14,481
Retirement benefit scheme contributions	**717**	686
Total staff costs	**29,718**	19,787
Cost of inventories sold	**522,744**	230,362
Inventories written off	**4,924**	–
Depreciation of property, plant and equipment	**5,592**	10,861
Amortisation of other intangible assets (included in cost of sales)	**2,423**	20,142
Amortisation of prepaid lease payments	**211**	251
Legal and professional fees for acquisition (included in other expenses)	**1,696**	3,963

8. DIVIDENDS

No dividend was proposed for both year ended 31 March 2013 and 31 March 2012.

9. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to owners of the Company for the year are based on the following data:

	2013	2012
	HK$'000	*HK$'000*
Profit (loss) for the year attributable to owners of the Company	**6,619**	(33,541)
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**666,666,000**	666,666,000

Basic and diluted earnings (loss) per share are the same for both years as there was no potential ordinary share in issue.

10. OTHER INTANGIBLE ASSETS

They represent sales contract and customer network acquired as part of business combinations in prior year.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**245,975**	55,661
Less: impairment loss recognised	**(182)**	(3,653)
	245,793	52,008
Bills receivables	**11,914**	19,385
Prepayments and deposits *(Note 1)*	**82,780**	23,784
Other receivables *(Note 2)*	**27,287**	4,938
Amount due from a non-controlling owner of a subsidiary *(Note 3)*	**78**	78
	367,852	100,193

Notes:

1. The balances as at 31 March 2013 mainly consists of (i) a refundable supplier deposit which amounted to approximately HK$21,350,000 paid to an independent supplier of the MTBE Business, details of which are set out in the announcements of the Company dated 15 November 2011 and 6 December 2011. This deposit is refundable upon the Group's request or in the event the supplier arrangement is terminated. Such amount is guaranteed by a customer of MTBE Business, which is a state-owned enterprise in the PRC; (ii) a prepayment to an independent supplier which amounted to approximately HK$39,410,000 for the acquisition of major raw materials used by the Group for the production of the existing Hygienic Disposables Business; and (iii) other sundry prepayments.

2. Included in other receivables consists of an unlisted debenture to an independent third party amounting to approximately HK$7,477,000 (2012: HK$Nil). The debenture was interest-bearing at 12% per annum, secured by assets of the borrower and repayable on demand.

3. The amount due from a non-controlling owner of a subsidiary is unsecured, interest-free and repayable on demand.

The Group generally allows an average credit period of 30 to 90 days to its trade customers. The aged analysis of the Group's trade receivables (net of allowance for doubtful debts) and bills receivables based on the invoice date at the end of the reporting period is as follows:

	2013	2012
	HK$'000	*HK$'000*
Trade and bills receivables:		
0–30 days	**21,188**	50,592
31–60 days	**57,873**	18,133
61–90 days	**20,834**	1,560
Over 90 days	**157,812**	1,108
	257,707	71,393

12. TRADE AND OTHER PAYABLES AND ACCRUALS

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**95,780**	20,660
Other payable and accruals	**4,413**	5,362
Deferred service income	**–**	2,250
Amount due to a non-controlling owner of a subsidiary	**419**	–
Amount due to a related party	**1,199**	–
	101,811	28,272

The amounts due to a non-controlling owner of a subsidiary and a related party are unsecured, interest-free and repayable on demand.

The aged analysis of the Group's trade payables based on the invoice date at the end of the reporting period is as follows:

	2013	2012
	HK$'000	*HK$'000*
0–30 days	**13,994**	17,205
31–60 days	**36,298**	3,316
61–90 days	**22,147**	130
Over 90 days	**23,341**	9
	95,780	20,660

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year under review, the Group has been engaged in the Hygienic Disposables Business, MTBE Business and Household Consumables Business.

For the year under review, the Group recorded a net profit attributable to the owners of the Company of approximately HK$6.6 million (2012: net loss attributable to owners of the Company of approximately HK$33.5 million).

Revenue

The Group's revenue increased by HK$306.1 million or 118.1% from HK$259.1 million for the year ended 31 March 2012 to HK$565.2 million for the corresponding period in 2013.

The following table sets forth a breakdown of the Group's revenue by geographical locations and segments and as a percentage of the Group's total revenue for the year ended 31 March 2013, with comparative figures for the corresponding period in 2012.

	2013	**2013**	2012	2012
	HK$'000	***%***	*HK$'000*	*%*
By Segment:				
– Hygienic Disposables Business	**380,655**	**67.4**	245,027	94.6
– MTBE Business	**105,149**	**18.6**	807	0.3
– Household Consumables Business	**79,348**	**14.0**	13,260	5.1
Total	**565,152**	**100.0**	259,094	100.0
By geographical locations:				
United Kingdom	**208,836**	**36.9**	151,778	58.6
PRC	**165,599**	**29.3**	807	0.3
United States of America	**119,066**	**21.1**	16,808	6.5
Norway	**69,620**	**12.3**	79,998	30.9
Sweden	**1,321**	**0.2**	889	0.3
Italy	**420**	**0.1**	365	0.1
Ireland	**290**	**0.1**	4,287	1.7
France	**–**	**–**	3,381	1.3
Germany	**–**	**–**	781	0.3
	565,152	**100.0**	259,094	100.0

The Group's revenue on the Hygienic Disposables Business increased by HK$135.6 million or 55.4% from HK$245.0 million for the year ended 31 March 2012 to HK$380.7 million for the corresponding period in 2013 mainly due to introduction of new customers in relation to the trading of hygienic disposables and raw materials. Revenue for MTBE Business for the year ended 31 March 2012 represent agency fee for a one month period since the completion of the acquisition for the MTBE Business was close to the 2012 financial year end, while for the year ended 31 March 2013, revenue represent trading income and agency fee for the MTBE Business for the full financial year. Revenue for the Household Consumables Business for the year ended 31 March 2012 represent trading income for a two months period since the completion of the acquisition for the Household Consumables Business was close to the 2012 financial year end, while for the year ended 31 March 2013, revenue represent trading income for the full financial year.

Cost of sales

Cost of sales increased by 111.6% from HK$250.5 million for the year ended 31 March 2012 to HK$530.1 million for the corresponding period in 2013. The increase was mainly due to the increase in revenue which is in line with the percentage increase in revenue and the decrease in amortisation of other intangible assets for the MTBE Business.

Gross profit and gross profit margin

Gross profit increased by HK$26.5 million or 308.2% from HK$8.6 million for the year ended 31 March 2012 to HK$35.1 million for the corresponding period in 2013. The Group's gross profit margin on the Hygienic Disposables Business decreased from 10.7% for the year ended 31 March 2012 to 5.7% for the corresponding period in 2013, primarily as a result of the increase in cost of the primary material which cannot fully transferred to our customer and the inventory written off of HK$4.9 million. Due to the amortisation of other intangible assets of HK$1,422,000 and HK$19,975,000 for the year ended 31 March 2013 and 2012 respectively, the MTBE Business record a gross profit of HK$4.2 million for the year ended 31 March 2013 and a gross loss of HK$19.2 million for the year 31 March 2012, after stripping out the amortisation of the other intangible assets, the MTBE Business shows a gross profit margin of 5.3% for the year ended 31 March 2013. The gross profit margin on the Household Consumables Business slightly decreased from 12.2% for the year ended 31 March 2012 to 11.6% for the corresponding period in 2013.

The following table sets forth the Group's gross profit (losses) and the gross profit (losses) margin by business segment for the year ended 31 March 2013, with comparative figures for the corresponding period in 2013.

	Year ended 31 March			
	2013	**2013**	2012	2012
By segment:	***HK$'000***	***%***	*HK$'000*	*%*
– Hygienic Disposables Business	**21,630**	**5.7**	26,137	10.7
– MTBE Business	**4,197**	**4.0**	(19,167)	(2,375.1)
– Household Consumables Business	**9,234**	**11.6**	1,620	12.2
	35,061	**6.2**	8,590	3.3

The gross profit derived from Hygienic Disposables Business decreased by HK$4.5 million or 17.2% from HK$26.1 million for the year ended 31 March 2012 to HK$21.6 million for the corresponding period in 2013. For the MTBE Business, after stripping out the amortisation of other intangible asset of HK$1,422,000 and HK$19,975,000 for the year ended 31 March

2013 and 2012 respectively, a gross profit of HK$5.6 million and HK$0.8 million was resulted for the year ended 31 March 2013 and 2012 respectively. Gross profit derived from Household Consumables Business for the year ended 31 March 2013 represent gross profit from a full year operation while the gross profit for the year ended 31 March 2012 only represent gross profit for a two months operation after the acquisition.

The following table sets forth the Group's segment results before all of the major non-cash items which will present a better reflection of the Group's actual segment results for the year ended 31 March 2013.

	Hygienic Disposables Business	**MTBE Business**	**Household Consumables Business**
	HK$'000	*HK$'000*	*HK$'000*
Segment gross profit	21,630	4,197	9,234
Adjusted for major non-cash item			
– Amortisation of other intangible assets (included in cost of sales)	–	1,422	1,001
Segment gross profit after striping out major non-cash items	21,630	5,619	10,235
Segment gross profit margin after striping out major non-cash items	5.7%	5.3%	12.9%

Other income

Other income mainly consists of service income and patent income. Other income increased by HK$36.0 million or 1,366.7%, from HK$2.6 million for the year ended 31 March 2012, to HK$38.6 million for the corresponding period in 2013 mainly due to the increase in service income and patent income.

Other gains and losses

Other gains and losses mainly consists of impairment of trade and other receivables. For the year ended 31 March 2013, the other gains and losses comprises an impairment loss on trade and other receivable of HK$1.0 million while for the corresponding year in 2012, the other gains and losses mainly consists of impairment loss on trade receivables of HK$3.7 million.

Selling and distribution expenses

Selling and distribution expenses mainly consist of transportation expenses, custom and inspection fee and commission paid to sales agents who may from time to time introduce new order to our Group. The selling and distribution expenses decreased by HK$0.4 million or 4.5% from HK$9.3 million for the year ended 31 March 2012 to HK$8.9 million for the corresponding period in 2013 and this is mainly due to the minor decrease in freight charges.

Administrative expenses

Administrative expenses mainly consist of salaries (including directors), staff welfare expenses, amortisation of prepaid lease payment, depreciation of properties, plant and equipment in relation to the administrative functions, rental and printing charges. The administrative expenses increased by HK$20.4 million or 61.7% from HK$33.0 million for the year ended 31 March 2012 to HK$53.4 million for the corresponding period In 2013 mainly due to the increase in salaries for the increase in number of director and senior management staffs, rental charges and printing charges for the publication of announcement and notice relation to the acquisition and the general offer.

Other expenses

Other expenses represents legal and professional fee paid to professional parties relating to the acquisition of business into the Group. The other expenses decreased by HK$2.3 million or 57.2% from HK$4.0 million for the year ended 31 March 2012 to HK$1.7 million for the corresponding period in 2013 mainly due to the acquisition for the financial year 2013 was complete in April 2013.

Profit (loss) before tax

The Group recorded a profit before tax of HK$9.1 million during the year ended 31 March 2013 (as compared to loss before tax of HK$37.0 million during the year ended 31 March 2012), the profit in 2013 were mainly due to the substantial increase in gross profit of HK$26.5 million, increase in other income of HK$36.0 million, decrease in other gains and losses of HK$1.4 million, decrease in selling and distribution expenses of HK$0.4 million, decrease in other expenses of HK$2.3 million, which was partially offset by the increase in administrative expenses of HK$20.4 million and interest expenses on trust receipt loan of HK$0.1 million.

Income tax expenses (credit)

The Group recorded a tax expenses of HK$2.3 million during the year ended 31 March 2013 (as compare to the tax credit of HK$1.9 million during the year ended 31 March 2012). There was no significant change in applicable tax rates of the Company's subsidiaries during the year. The subsidiaries operating in Hong Kong is subject to Hong Kong Profits Tax at a rate of 16.5% (2012: 16.5%) for the year. For the subsidiaries operating in the PRC, pursuant to the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the general EIT rate of the PRC entitles is 25% from 1 January 2008 onwards, the major subsidiary operating in the PRC is subject to a tax rate of 25% (2012: 12.5%) For the subsidiary operating in Macau, profit was exempted from Macao Complementary Tax for both year.

The major reasons for the significant change in income tax for the year was mainly due to the deferred tax credit related to the amortisation of the other intangible assets decreased from HK$3.3 million for the year ended 31 March 2012 to HK$0.5 million in the corresponding period in 2013.

Total comprehensive income for the year attributable to owners of the Company

Total comprehensive income for the year attributable to owners of the Company increased by HK$34.3 million or 120.3% from loss of HK$28.5 million for the year ended 31 March 2012 to income of HK$5.8 million for the corresponding period in 2013.

Trade receivables

The amount of trade receivable before allowance for bad and doubtful debts amounted to HK$245,795,000 at 31 March 2013, increased by 341.9% as compared to HK$55,661,000 at 31 March 2012. The increase was mainly due to the increased in revenue from Hygienic Disposables Business and the MTBE Business from HK$245,834,000 in 2012 to HK$485,804,000 in 2013. During the year, allowance for bad and doubtful debts of HK$182,000 was made during the year as compare to an allowance of HK$3,653,000 in 2012. For long outstanding receivables, the follow up actions which the Group will take to recover these receivables, including the negotiation of payment by way of assets other than cash and/or instituting legal actions against these customers to claim the payment back.

In respect of the trade receivables as 31 March 2013, approximately 23.4% has been subsequently settled up to 20 June 2013:

Dividend

No dividend was proposed for both year ended 31 March 2013 and 31 March 2012.

Results of performance guarantees on acquisitions

On 15 November 2011, the Group had completed the acquisition of the MTBE Business and under the acquisition, the vendor has irrevocably guaranteed to the Group that the actual audited net profit after tax and before any extraordinary items or exceptional items and before all non-cash items for the period from 1 January 2012 to 31 December 2012 shall in aggregate not less than HK$2,700,000 (the "Guarantee Profit") and on 14 January 2013, the auditors have issued a written confirmation certifying that the Guaranteed Profit has been fulfilled.

FINANCIAL REVIEW

Liquidity and financial resources

The Group's principal source of working capital was cash generated from the sales of its products. The Group's current ratio as at 31 March 2013 was 3.8 (as at 31 March 2012: 10.6). The gearing ratio as at 31 March 2013 was 2.3% (as at 31 March 2012: zero), the gearing ratio, which is calculated with total borrowings over shareholder's equity.

Currency and interest rate exposure

Certain sales transactions of the Group are denominated in foreign currencies, which exposes the Group to foreign currency risks. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises. Certain monetary financial assets are denominated in foreign currencies as at 31 March 2013. The exposure in exchange rate risks mainly arose from fluctuations of United State Dollars ("USD"), Hong Kong Dollars ("HKD"), British Pounds ("GBP") and Macau Pataca ("MOP"). The Group's currency risk exposure in relation to the monetary financial assets is expected to be minimal as USD and MOP are pegged with HKD.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation on interest rates arising from the Group's bank balances and the interest expenses from its trust receipt loan with floating interest rate. The Group's exposure to interest rate risks on bank balances and trust receipt loan is expected to be minimal.

CHARGE ON ASSETS

A bank deposit of HK$7.8 million and certain leasehold land and buildings with carrying value of HK$14.2 million (as at 31 March 2012: a bankdeposit of HK$62.3 million and certain leasehold land and buildings with carrying value of HK$13.3 million) have been pledged as security for certain banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 March 2013, the Group did not have any material contingent liabilities.

COMMITMENTS

(a) Capital Commitments

The Group had the following capital commitments at the end of the reporting period:

	At 31 March 2013	At 31 March 2012
	HK$'000	*HK$'000*
Contracted but not provided for in the consolidated financial statements for acquisition of subsidiaries	42,590	–

(b) Operating lease commitments

The Group as lessee:

The Group made minimum lease payments of approximately HK$2,096,000 (2012: HK$Nil) under operating leases in respect of office premises, directors' quarter and car-parking space during the year.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non cancellable operating leases which fall due as follows:

	At 31 March 2013	At 31 March 2012
	HK$'000	*HK$'000*
Within one year	4,975	–
In the second to fifth years inclusive	3,122	–
	8,097	–

MATERIAL ACQUISITION AND DISPOSAL

During the year ended 31 March 2013, the Company had no material acquisition or disposal of subsidiaries and affiliated companies.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(a) Completion of discloseable and connected transaction

On 23 January 2013, the Group entered into a conditional sale and purchase agreement with Mr. Woo Man Wai, David ("Mr. Woo") relating to the acquisition of the 100,000 shares of HK$1.00 each, being 10% of the entire issued share capital of China Energy Trading Company Limited ("China Energy") which are legally and beneficially owned by Mr. Woo (the "China Energy Sale Shares") and all obligation, liabilities and debts owing or incurred by China Energy to Mr. Woo on or at any time prior to the completion of the acquisition (the "China Energy Sale Loan"), pursuant to which the Group conditionally agreed to acquire and Mr. Woo conditionally agreed to sell the China Energy Sale Shares and the China Energy Sale Loan for an aggregate consideration of HK$4,100,000. The consideration shall be settled by procuring the Company to issue 2,500,000 new shares of the Company, credited as fully paid, to Mr. Woo at completion.

On 23 January 2013, the Group entered into a conditional sale and purchase agreement with Mr. Woo relating to the acquisition of the 100,000 shares of HK$1.00 each, being 10% of the entire issued share capital of China Petro-chemical Resources Trading Company Limited ("China Petro"), a 90% owned subsidiary which are legally and beneficially owned by Mr. Woo (the "China Petro Sale Shares"), pursuant to which the Group conditionally agreed to acquire and Mr. Woo conditionally agreed to sell the China Petro Sale Shares for a consideration of HK$2,490,000. The consideration shall be settled by procuring the Company to issue 1,518,292 new shares of the Company, credited as fully paid, to Mr. Woo at completion.

On 23 January 2013, the Group entered into a conditional sale and purchase agreement with Mr. Woo relating to the acquisition of the 1 share of US$1.00 each, being the entire issued share capital of China Indonesia Alliances Coal Investment Company Limited ("China Coal") which is legally and beneficially owned by Mr. Woo (the "China Coal Sale Share"), pursuant to which the Group conditionally agreed to acquire and Mr. Woo conditionally agreed to sell the China Coal Sale Share for a consideration of HK$36,000,000. The consideration shall be settled as follows: (i) HK$4,000,000 shall be satisfied by procuring the Company to issue a promissory note in the principal amount of HK$4,000,000 in favour of Mr. Woo; (ii) HK$3,240,000 shall be payable in cash by the Group; and (iii) HK$28,760,000 shall be satisfied by procuring the Company to issue 17,536,585 new shares of the Company, credited as fully paid, to Mr. Woo at completion. The valuation of the assets acquired and liabilities assumed as well as cost of acquisition is pending for finalisation as of the date these consolidated financial statements were authorised for issuance and therefore the financial information in relation to the acquisition has not been disclosed in these financial statements.

Further detail of the above acquisitions, are set out in the Company's announcement dated 23 January 2013 and circular dated 25 March 2013.

All of the above acquisitions have been completed on 16 April 2013.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD (Continued)

(b) Memorandum of understanding in respect of the possible acquisition of the equity interest of a target company

On 29 May 2013, the Group entered into a non-legally binding memorandum of understanding with independent third parties to acquire the entire issue share capital of the target company as contemplated under the memorandum of understanding and subject to the execution of formal sale and purchase agreement. The consideration shall be not less than HK$3,200 million and shall be settled by either one of the following manners:

(i) by cash; or

(ii) by way of allotment and issue of the shares of the Company and/or convertible bonds of the Company at the conversion price of HK$2 per conversion share (subject to further negotiation between the Group and the vendors); or

(iii) the combination of the above payment methods.

The consideration for the above possible acquisition (including the actual payment method, time and amount) shall be subject to further negotiation between the parties to the memorandum of understanding. Further details are set out in the Company's announcement dated 29 May 2013. As of the date these consolidated financial statements were authorised for issuance, no formal agreement has been entered into between the Group and the vendors.

(c) Placing of new shares under general mandate

The Company entered into a placing agreement dated 3 June 2013 and a supplemental placing agreement dated 14 June 2013 (collectively referred to as the "Placing") with the placing agent pursuant to which the placing agent has conditionally agreed with the Company to place up to 40,000,000 placing shares of the Company on a best effort basis to one or more placees who are independent third parties at the placing price of HK$2.10 per placing share. The Placing was completed on 25 June 2013. Further details are set out in the announcements of the Company dated 3 June 2013, 14 June 2013 and 25 June 2013.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD (Continued)

(d) Termination of connected transaction in relation to the investment in 70% equity interest in a medical devices company in PRC

On 6 March 2012, together with a non-controlling interest of a non-wholly owned subsidiary of the Group (the "NCI"), the Group entered into an agreement with the parties connected to NCI to acquire 100% equity interest in Beijing Think Micro-Medical Technology Limited ("Beijing Think"), a company established in the PRC, for a total consideration of approximately RMB759,000 with reference to the net assets value of Beijing Think as at 31 December 2011, and jointly invest in Beijing Think for not more than HK12,000,000. The completion of the acquisition will be subject to the obtaining all the necessary approval from relevant government authority in the PRC. On 17 June 2013, the Group entered into a termination agreement, set-off agreement and repayment agreement relating to, inter alia, the termination of the investment agreement for the proposed investment in Beijing Think. References are made to the Company's announcements dated 6 March 2012, 6 September 2012 and 17 June 2013.

HUMAN RESOURCES

The number of employees of the Group as at 31 March 2013 was approximately 169 whom receive competitive remuneration packages that are constantly monitored in relation to the market, with incentives such as discretionary bonuses based on individual performance. The Group provides a comprehensive benefits package and career development opportunities, including medical benefits and both internal and external training appropriate to each individual's requirements.

PROSPECTS

Hygienic Disposables Business

The Group continues to provide quality service and product to our customers in order to achieve the Group's vision to become a leading manufacturing of household and clinical hygienic disposables in European countries and US. The Group has confidence to achieve steady income stream from our existing customer in the coming years.

MTBE Business

The MTBE Business provides an opportunity for the Group to enter into the petro-chemical market in the PRC. The MTBE Business not only continues to bring in substantial income to the Group, but also, a chance to diversify the Group's business area with rooms to growth.

Household Consumable Business

The Household Consumable Business acts as a stepping stone for the Group to expand into other European countries for both the Household Consumable Business and the Hygienic Disposables Business as customers in these two business are inter-related. The Household Consumable Business provides steady growths in terms of revenue and profit to the Group.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company places high value on its corporate governance practices and the Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of its shareholders. The Company has adopted the Code on Corporate Governance Practices (the "Corporate Governance Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its code to govern its corporate governance practices. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintain and improve high standards of corporate governance practices. During the year ended 31 March 2013, the Company has continued to apply and meet the code provisions (the "Current A.6.6") of the Corporate Governance Code, except for the deviations set out as below:

Code provision A.1.3 of the CG Code

The code provision A.1.3 requires of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings, reasonable notice should be given.

Due to the practical reasons, 14 days' advanced notifications have not been given to all meetings of the Board of Directors. Reasons have been given in the notifications in respect of those meetings of the Board where it is not practical to give 14 days' advanced notification. The Board will use its best endeavours to give 14 days' advanced notifications of Board meeting to the extent practicable.

Code provision A.4.1 of the CG Code

The code provision A.4.1 requires the appointment of non-executive directors for a specific term, subject to re-election.

The three independent non-executive Directors of the Company (namely Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan) are not appointed for a fixed term of office, but they are subjected to retirement by rotation and re-election of Directors through the articles of association of the Company, which require one-third of the Directors in office to retire from office by rotation and re-election at each annual general meeting.

Code provision A.6.7 of the CG Code

Code provision A.6.7 stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the view of shareholders.

Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan who are the independent non-executive Directors of the Company were unable to attend the annual general meeting of the Company held on 28 August 2012 ("2012 AGM") as they had other important business engagement.

As an action plan to address the aforesaid deviation, the Company will require all the independent non-executive Directors and other non-executive Directors to attend all future general meetings in order to comply with the code provision A.6.7 of the CG Code.

Code provision A.7.1 of the CG Code

The code provision A.7.1 requires for regular board meetings, and as far as practicable in all other cases, an agenda and accompanying board papers should be sent, in full, to all directors. These should be sent in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or other agreed period).

Due to the practical reasons, an agenda and accompanying board paper have not been sent, in full, in 3 days' advanced to all meetings of the Board or Board Committee. Reasons have been given in the agenda and accompanying board paper in respect of those meetings of the Board or Board Committee where it is not practical to send, in full, 3 days' advanced. The Board will use its best endeavours to send the agenda and accompanying board paper, in full to the Board or Board Committee at lease 3 days' advanced to the extent practicable.

Code provision E.1.2 of the CG Code

The code provision E.1.2 currently in force stipulates, among other things, that the Chairman of the issuer should attend the annual general meeting.

Mr. Chum Hon Sing, being the Chairman of the Company, was unable to attend the 2012 AGM due to another commitment and Mr. Chum Hon Sing appointed Ms. Yick Mi Ching Dawnibilly, an executive Director, to act as his representative at the 2012 AGM and to take the chair of the said 2012 AGM and to ensure that proceedings of the meeting would be conducted in order. The Company considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in the CG Code. This constitutes a deviation of the code provision E.1.2.

SHARE CHARGE BY CONTROLLING SHAREHOLDER

On 9 March 2012, Twin Star Global Limited ("Twin Star"), the controlling shareholder of the Company, together with Smooth Auspicious International Limited, Imperishable Land Limited and Wise Attempt Limited (the "Offeror Group") entered into a share charge pursuant to which the Offeror Group created a charge over 476,666,000 shares of the Company (the "Share Charge") held by the Offeror Group in favour of Speeder Link International Limited ("Speeder Link") as security for a three-month term loan of HK$200,000,000 advanced by Speeder Link to Twin Star for the purpose of financing Twin Star's acquisition of an aggregate of 409,999,590 shares from Able Bright Limited, a former controlling shareholder of the Company. Further details in respect of the Share Charge are contained in the announcement of the Company made on 16 March 2012.

On 16 July 2012, the entire 26,666,574 charged shares owned by Smooth Auspicious International Limited were released from the Share Charge, on 25 July 2012, the entire 19,999,918 and the entire 19,999,918 charged shares owned by Imperishable Land Limited and Wise Attempt Limited respectively were released from the Share Charge and on 11 September 2012 and 17 October 2012, 33,333,300 and 36,666,630 charged shares owned by Twin Star was released from the Share Charge resulting the Share Charge to be reduced to 339,999,660 shares as at 31 March 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by its directors. The Company confirms that, having made specific enquiry of all the directors of the Company, the directors have complied with the required standards as set out in the Model Code during the year ended 31 March 2013.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2013, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinances, Cap 571 of The Laws of Hong Kong ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules were as follows:

Name of director	**Nature of interest**	**total number of shares held** *(note)*	**Approximate percentage of interest in the Company**
Mr. Wong Wai Sing	Beneficial owner	340,267,659	51.04%
Mr. Chum Hon Sing	Beneficial owner	340,267,659	51.04%

Note: These 340,267,659 shares are held by Twin Star Global Limited, a company beneficially owned by Mr. Wong Wai Sing and Mr. Chum Hon Sing as to 50% and 50% respectively.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURE

Save as otherwise disclosed, at no time during the year and up to the date of this announcement were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or any of their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2013, the following persons (not being a director or the chief executive of our Company) have interests or short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Nature of interest	total number of shares held	Approximate percentage of interest in the Company
Twin Star Global Limited *(Note 1)*	Beneficial owner	340,267,659	51.04%
Speeder Link International Ltd *(Note 2)*	Security Interest	339,999,660	51.00%
Liu Fenzhen *(Note 3)*	Interest in Controlled Corporation	339,999,660	51.00%

Note:

1. The Company was ultimately beneficially owned as to 50% by Mr. Wong Wai Sing and 50% by Mr. Chum Hon Sing.

2. A total of 339,999,660 shares (which beneficially owned by Twin Star Global Limited) are deemed to be interested by Speeder Link International Limited as person having a security interest in the shares.

3. These 339,999,660 shares are held by Speeder Link International Limited, a company which is 100% controlled by Liu Fenzhen. By virtue of the SFO, Liu Fenzhen is deemed to be interested in all shares held by Speeder Link International Limited.

Save as disclosed herein, the Company has not been notified of any other person (other than the directors or chief executive of the Company) who had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 March 2013.

SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to a resolution passed on 17 December 2010 (the "Share Option Scheme") for the purpose of providing incentives and rewards to employees, executive and officers (including executive and non-executive directors) of the Company and any of its subsidiaries and advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who will contribute or have contributed to the Company or any of its subsidiaries. Under the Share Option Scheme, the Board may grant options to eligible employees, including the directors of the Company and any of its subsidiaries, to subscribe for shares in the Company.

Without prior approval from the Company's shareholders, (i) the total number of shares to be issued under the options of the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue; (ii) the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then in issue.

Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options is accepted. The exercise price is determined by the Directors and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

During the period from 17 December 2010 to the date of this announcement, no options were granted under the Share Option Scheme.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares listed on the Stock Exchange during the year ended 31 March 2013.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENT

The audit committee of the Company (the "Audit Committee") was established on 17 December 2010 with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are, among other things, to review and supervise the Company's financial reporting process and internal control systems.

The Audit Committee comprises three independent non-executive directors, being Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the audited consolidated financial statements of the Group for the year ended 31 March 2013 and considered that the Company had complied with all applicable accounting standards and requirements and made adequate disclosures.

SCOPE OF WORK OF MESSRS BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2013 as set out in the Preliminary Announcement have been agreed by the Group's auditors, Messrs BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs BDO Limited on the preliminary announcement.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") on 17 December 2010, whose primary duties are to evaluate and make recommendations to the Board regarding the compensation of the directors of the Company. In addition, the Remuneration Committee conducts reviews of the performance and determines the compensation structure of the senior management of the Group. The current members of the Remuneration Committee are Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan.

NOMINATION COMMITTEE

The Company established a nomination committee (the "Nomination Committee") on 17 December 2010 to make recommendations to the Board regarding candidates to fill vacancies on the Board. The current members of the Nomination Committee are Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is available for viewing on the websites of the Stock Exchange at www.hkex.com.hk and of the Company at www.newtreegroupholdings.com.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year 2013 is scheduled to be held on 15 August 2013. A notice convening the annual general meeting will be issued and disseminated to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from 13 August 2013 to 15 August 2013, both days inclusive for the purpose of determining the identity of members who are entitled to attend and vote at the annual general meeting. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on 12 August 2013.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

During the year and up to the date of this announcement, pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the directors are as follows:

– Mr. Tsang Ho Ka, Eugene and Ms. Sung Ting Yee were appointed as the executive directors of the Company effective from 24 April 2012;

– Ms. Yick Mi Ching, Dawnibilly was appointed as the executive director of the Company effective from 1 June 2012;

– Mr. Kwok Kam Tim ("Mr Kwok"), Mr. Kinley Lincoln James Lloyd ("Mr. Kinley") and Dr. Hui Chik Kwan ("Dr. Hui") were appointed as the independent non-executive directors of the Company effective from 24 April 2012;

– Mr. Chum Tung Hang ("Mr. Chum") and Ms. Lei Sao Cheng have resigned as the executive directors of the Company effective from 15 May 2012;

– Mr. Lee Thomas Tuan Tong ("Mr. Lee"), Mr. Chow Tsu Yin ("Mr. Chow") and Mr. Chan Bing Chung ("Mr. Chan") have resigned as independent non-executive directors of the Company effective from 15 May 2012;

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS (Continued)

– Mr. Kwok, Mr. Kinley and Dr. Hui were appointed as the members of the audit committee of the Company (the "Audit Committee"), the remuneration committee of the Company (the "Remuneration Committee") and the nomination committee of the Company (the "Nomination Committee) respectively effective from 15 May 2012;

– Mr. Chan (chairman of Audit Committee), Mr. Chow and Mr. Lee have relinquished their positions as the chairman and members of the Audit Committee with effect from 15 May 2012 and Mr. Kwok was appointed as the chairman of the Audit Committee with effect from 15 May 2012;

– Mr. Chow (chairman of the Remuneration Committee), Mr. Lee, Mr. Chan and Mr. Chum have relinquished their positions as the chairman and members of the Remuneration Committee with effect from 15 May 2012 and Mr. Kwok was appointed as the chairman of the Remuneration Committee with effect from 15 May 2012;

– Mr. Lee (chairman of the Nomination Committee), Mr. Chow and Mr. Chan have relinquished their positions as the members of the Nomination Committee with effect from 15 May 2012 and Mr. Kwok was appointed as the chairman of the Nomination Committee with effect from 15 May 2012; and

– Mr. Wong Wai Sing was re-designated as Chairman and Mr. Chum Hon Sing was re-designated as Vice-Chairman from 10 June 2013.

By the order of the board
Newtree Group Holdings Limited
Mr. Wong Wai Sing
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 26 June 2013

As at the date of this announcement, the executive directors of the Company are Mr. Wong Wai Sing, Mr. Chum Hon Sing, Mr. Lee Chi Shing, Caesar, Mr. Tsang Ho Ka, Eugene, Ms. Yick Mi Ching, Dawnibilly and Ms. Sung Ting Yee; and the independent non-executive directors are Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan.